

SUBCOMMITTEE NO. 2

Agenda

Alan Lowenthal, Chair
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Monday, March 24, 2008
10:00 a.m. or upon adjournment of session
Room 112

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Resources—Environmental Protection—Energy

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Overview

1. Secretary of Resources – Mike Chrisman

- Overview of Resources Agency Budget

2. LAO: Resources Agency in the Overall Subcommittee 2 Budget

- Context of the Resources Agency in the Overall Budget

Vote-Only Calendar

Budget Balancing Reductions

Org Code	Description	(000) 2007-08	(000) 2008-09	GF Remaining (000)	Total Program Budget (000)
3125	California Tahoe Conservancy - Tahoe Conservancy Program	\$ -	\$ 22	\$ 200	\$ 5,713
3820	San Francisco Bay Conservation and Development Commission	\$ -	\$ 457	\$ 4,112	\$ 5,200

Staff Recommendation. Staff recommends that the Subcommittee accept all of the Governor's proposed budget balancing reductions shown in the chart above.

0540 Secretary for Resources

1. Implementation of the Federal Coastal Impact Assistance Program

Background. The California Ocean Resources Management Act was amended in 1991 to transfer responsibility for marine and coastal resource management, including outer continental shelf oil and gas lease sales and development, to the Secretary for Resources. The 2004 California Ocean Protection Act created the Ocean Protection Council, chaired by the Secretary for Resources. Through these two Acts the Secretary for Resources works on the implementation of various ocean protection programs, including offshore oil and gas platform decommissioning and actions for the West Coast Governor's Agreement on Ocean Health. Currently, the Resource Agency's California Ocean Resources Management Program has three positions to handle all of the program responsibilities.

The federal 2005 Energy Policy Act made \$30 million available to California (\$20 million to state, \$10 million to locals) from the Mineral Management Service's Coastal Impact Assistance Program (CIAP) for mitigating the impacts of offshore oil and gas development. The funds will be released to California when the federal Minerals Management Service (MMS) approves the state's Coastal Impact Assistance Plan. The plan is due to MMS on July 1, 2008. Currently, the Resources Agency anticipates to have the plan approved by the MMS by March 2008.

Governor's Budget. The Governor's Budget proposes \$110,000 in Federal Trust Fund for two positions to implement CIAP.

Staff Recommendation. Staff recommends that the Subcommittee approve the proposal.

2. California River Parkways Grant Program

Background. The California River Parkways Grant program awards grants for the acquisition of land for river parkways or for the restoration, protection, and development of river parkways. River parkways provide passive recreational opportunities, such as trails for walking or bicycling, along rivers and streams. This program has publicly developed grant guidelines already in place.

The California River Parkways Grant Program was started with Proposition 50 (Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002) funds, which provided \$100 million for river parkway projects. The last of the Proposition 50 funds will be awarded in June 2008. Proposition 84, Section 75050(d) provides \$72 million for river parkway projects.

Governor's Budget. The Governor's Budget proposes \$28,365,000 in Proposition 84 bond funds for local assistance, capital outlay, and support grants. Additionally, the Budget proposes \$241,000 and 2 positions to work on the California River Parkways Program. The grant funds would be available for encumbrance until June 30, 2013.

Staff Recommendation. Staff recommends that the Subcommittee approve the \$28,365,000 for local assistance and capital outlay only as one-time funds, and approve the \$241,000 for 2 positions as on-going funding.

3110 Special Resources Program

Background. The Special Resources Programs include the Tahoe Regional Planning Agency, the Yosemite Foundation Program, and the Sea Grant Program.

Governor's Budget. The Governor's budget proposes \$5 million for these three special resources programs. This is about the same amount as the expenditures in the current year. This program does not receive General Fund.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Tahoe Regional Planning Agency	\$4,045	\$4,045	\$0	0.0
Yosemite Foundation Program	840	840	0	0.0
Sea Grant Program	248	200	-48	-19.4
Total	\$5,133	\$5,085	-\$48	-0.9
Funding Source				
General Fund	\$0	\$0	\$0	0.0
Yosemite Foundation Account	840	840	0	0.0
California Environmental License Plate Fund	4,169	4,121	-48	-1.2
<i>Budget Act Total</i>	<i>5,009</i>	<i>4,961</i>	<i>-48</i>	<i>-1.0</i>
Harbors and Watercraft Revolving Fund	124	124	0	0.0
Total	\$5,133	\$5,085	-\$48	-0.9

Yosemite Foundation Program

Background. This program funds restoration and preservation projects in Yosemite National Park. Funding for this program is provided from proceeds of personalized motor vehicle license plates sold by the Department of Motor Vehicles.

Staff Recommendation. No issues have been raised with this program. Staff recommends approval as budgeted.

Sea Grant Program

Background. This program encourages research and education in the fields of marine resources and technology. This state Sea Grant Program provides state assistance to the University of California and the University of Southern California that is used to match funds for selected projects under the federal Sea Grant Program.

Staff Recommendation. No issues have been raised with this program. Staff recommends approval as budgeted.

Tahoe Regional Planning Agency

Background. The Tahoe Regional Planning Agency (TRPA) was established by a congressionally approved compact between California and Nevada. The TRPA provides planning and enforceable regulations that preserve and enhance the environment and resources of the Lake Tahoe Basin. Funding for the agency is shared between Nevada (one-third) and California (two-thirds) according to the compact that established the agency.

1. Angora Fire Rebuilding Permit Review

Background. In June 2007, the Angora Fire destroyed 254 single family dwellings in El Dorado County. Another 12 homes were damaged to the point that the homeowners were forced to move out to allow repair work to be completed. Damage also occurred to public infrastructure, including erosion control improvements, utilities, and wetlands.

Proposal. TRPA is requesting an additional limited-term senior planner to complete expedited permit review and site inspections. TRPA senior planners have the authority to review and approve project applications and make certain management decisions and directions for unusual and complex situations. The additional senior planner is anticipated to significantly expedite the rebuilding process.

Governor's Budget. The Governor's Budget proposes \$95,000 from the California Environmental License Plate Fund for one limited-term position to assist in the Angora Fire rebuilding effort.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3460 Colorado River Board

Background. The Colorado River Board (CRB) of California was established in 1937 by State statute to protect California's rights and interests in the resources provided by the Colorado River and to represent California in discussions and negotiations regarding the Colorado River and its management.

Governor's Budget. The Governor's budget proposes a small increase in funding for CRB. The CRB is funded entirely by reimbursements from local water districts.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
State Operations	\$1,605	\$1,614	\$9	0.6
Total	\$1,605	\$1,614	\$9	0.6
<i>Budget Act Total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
Reimbursements	1,605	1,614	9	0.6
Total	\$1,605	\$1,614	\$9	0.6

No Budget Change Proposals or Budget Balancing Reductions

3560 State Lands Commission

1. Budget Balancing Reductions

Governor's Budget Balancing Reduction. The Governor proposes a budget balancing reduction of \$335,000 General Fund and 1.9 positions from the Mineral Resources Management program. The positions are an engineer and a support staffer.

Impact of Proposal. The State Lands Commission engineers survey on the ground activities of drilling companies. The estimated revenue engineers bring to the state is approximately \$1.5 million per engineer.

Staff Recommendation. Staff recommends that the Subcommittee reject this proposal.

2. School Lands

Background. The State Lands Commission (SLC) manages approximately 470,000 acres of school lands held in fee ownership by the state. The school lands are held in statutory trust in the School Land Bank Fund (Fund), of which the SLC is trustee agency. The school lands are intended to provide an economic base in support of the public school system. The revenues from these lands are deposited into the State Teachers' Retirement Fund, which benefits STRS.

Currently, SLC has two staff members to manage the school lands. Management of the lands includes rent reviews, processing new lease applications, renewing leases, responding to public inquiries, and other management duties. Due to the workload of managing the 1,192 separate land parcels, the SLC has not placed staff time toward acquiring new parcels as investment properties for the Fund. Acquiring new land for the Fund requires performing due diligence activities, such as market appraisals, analysis of soil quality, water rights analysis, title conditions, etc. Since no new parcels are being acquired, the revenues into the Fund and into STRS are not being maximized. In 2006-07, the revenues for school lands were about \$6.2 million.

Governor's Budget. The Governor's Budget proposes \$120,000 from reimbursement for one full-time position to perform due diligence and property transaction activities. The reimbursement would be paid by the revenues received from the school lands.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3. Marine Invasive Species Program Research

Background. Ships visiting California's ports transport with them non-native marine species. This transportation frequently happens in ballast water, which is the sea water vessels pick up for stability when they are not carrying cargo. This water can contain organisms, such as plants, that can be invasive and destructive to the California coastal habitat. It is estimated that about 7,000 organisms are moved around the world on a daily basis by ships (Carlton, 1999). One study estimated that in the United States the annual losses caused by invasive species are approximately \$120 billion (Pimental et. al. 2005).

The Marine Invasive Species Act of 2003 (Chapter 491, Statutes of 2003), directs the SLC to inspect 25 percent of vessels with qualifying voyages for compliance with ballast water management requirements. Two additional statutes have increased the State Lands Commission's responsibilities regarding marine invasive species. The Coastal Ecosystems Protection Act of 2006 initiated a phased implementation of performance standards for the discharge of ballast water. Under this Act, some vessels will be required to treat ballast water before discharging in California by 2009, and all vessels will be subject to the law by 2016. In addition, AB 740 (Laird, 2007) requires inwater cleaning of the submerged portion of a vessel

while in the waters of the state to be conducted using best available technologies economically achievable.

Proposal. The State Lands Commission (SLC) is requesting funds for contractors to work on requirements of the various marine invasive species laws. The SLC would use \$100,000 of the funds annually to install ballast water treatment systems on private vessels in order to study the performance of those treatment systems. There are 20 treatment systems that the SLC has deemed warranting evaluation. Additionally, the SLC would use \$75,000 of the funds annually to develop and review a procedure for approving and verifying compliance of ballast treatment systems.

The SLC proposes to use \$75,000 of the funds annually to collaborate with in-water cleaning and technology companies to develop and evaluate systems that can reduce the release of invasive species into California water. In addition, the SLC would use \$50,000 of the funds annually to investigate the links between in-water cleaning, the effectiveness of antifouling paints, and invasive species release.

Governor's Budget. The Governor's Budget proposes \$300,000 in contracting funds from the Marine Invasive Species Control Fund. The funds would be appropriated annually for three years. The funds would be broken down as follows:

\$100,000	Develop and test ballast water treatment systems
\$ 75,000	Develop a process for approval of ballast water treatment systems
\$ 75,000	Develop and test hull cleaning technology
\$ 50,000	Investigate links between in-water cleaning, the effectiveness of antifouling paints, and invasive species release

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3640 Wildlife Conservation Board

1. Colorado River Acquisition, Protection and Restoration Programs

Background. Proposition 50, Section 79568(a) authorized \$50 million to the Wildlife Conservation Board for the acquisition, protection and restoration of land and water resources necessary to meet state obligations for regulatory requirements related to California's allocation of water supplies from the Colorado River. In the *2003-04 Budget Act*, the Legislature appropriated \$13,250,000 to the WCB for "the acquisition, protection and restoration of land and water resources along the Lower Colorado River".

Governor's Budget. The Governor's Budget proposes a reappropriation of \$160,000 in Proposition 50 bond funds for acquisition, protection and restoration of land and water resources along the Lower Colorado River.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

2. Public Access Program

Background. The Wildlife Conservation Board (WCB) is involved with providing access to preserved lands to accommodate the needs of the public, such as sports fishers and hunters. These public access projects are for the most part minor capital outlay projects, such as construction of fishing piers. In addition to constructing new facilities, the public access program replaces unsafe facilities and upgrades older facilities to meet ADA requirements. Due to an increase in bond funding, over the last 5 years the WCB acquired significant amounts of new land. Much of this new property remains undeveloped. The current list of public access projects has reached \$15 million.

Governor's Budget. The Governor's Budget proposes \$1 million from the Wildlife Restoration Fund for the public access program.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3. Natural Communities Conservation Planning

Background. The Natural Communities Conservation Plan (NCCP) takes an ecosystem approach to conservation. The NCCP identifies and provides for the regional or area-wide protection and perpetuation of plants, animals, and their habitats, while allowing for compatible land use and economic activity. The planning process brings together private and government interests. The NCCP seeks to anticipate and prevent the controversies caused by species' listings by focusing on the long-term stability of natural communities.

There are currently 32 active NCCPs covering more than 7 million acres. So far, ten NCCPs have been approved and permitted and the rest are in the planning process.

Governor's Budget. The Governor's Budget proposes \$25 million from Proposition 84 bond funds for NCCP capital outlay.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3680 Department of Boating and Waterways

Background. The Department of Boating and Waterways (DBW) is responsible for planning and developing boating facilities on waterways throughout California. It is also responsible for protecting the public's right to safe boating by providing subventions to local law enforcement agencies. The department is also responsible for boating safety and education, licensing yachts, aquatic weed control in the Sacramento-San Joaquin Delta, and beach erosion control along California's coast.

Governor's Budget. The Governor's Budget proposes \$84.8 million to support DBW, which is approximately 2 percent less than expenditures in the current year. (The majority of DBW's budget is not subject to appropriation in the budget act. Only \$7 million is subject to the Budget Act.) The department is not supported by the General Fund.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Boating Facilities	\$ 51,034	\$ 49,971	-\$1,063	-2.1
Boating Operations	20,722	22,658	1,936	9.3
Beach Erosion Control	5,478	6,821	1,343	24.5
Capital Outlay	6,140	5,420	-720	-11.7
Administration	2,486	2,491	5	0.2
<i>less distributed administration</i>	-2,486	-2,491	-5	0.2
Total	\$ 83,374	\$ 84,870	\$1,496	1.8
Funding Source				
General Fund	\$ -	\$ -	\$ -	0.0
Special Funds	4,700	7,000	2,300	48.9
<i>Budget Act Total</i>	<i>4,700</i>	<i>7,000</i>	<i>2,300</i>	<i>48.9</i>
Federal Trust Fund	11,314	12,436	1,122	9.9
Reimbursements	1,015	1,015	0	0.0
Harbors and Watercraft Revolving Fund	66,345	64,419	-1,926	-2.9
Total	\$ 83,374	\$ 84,870	\$1,496	1.8

1. Public Small Craft Harbor Loans

Background. The Department of Boating and Waterways' (DBW) goal is to expand and improve public boater access to California's waterways in environmentally acceptable areas. The demand for DBW boating facilities is driven mainly by aging existing facilities and the continued need for expanded and improved boating safety. The number of registered boats in the state is 968,000.

The public small craft harbor loans are provided to the local governments to construct and rehabilitate boating facilities.

Governor's Budget. The Governor's Budget proposes \$22,266,000 from the Harbors and Watercraft Revolving Fund for eight high-priority projects to provide public loans to develop marinas and expand/rehabilitate existing marina facilities. The proposed projects are:

- Los Angeles County – Alamitos Bay, Basins 2 & 3: \$9 million
- San Mateo County – Coyote Point Marina: \$218,000
- Orange County – Dana Point Harbor Marina: \$9 million
- Contra Costa County – Martinez Marina: \$338,000
- Santa Barbara County – Santa Barbara Harbor: \$720,000
- Santa Cruz – Santa Cruz Harbor: \$1,365,000
- San Francisco – San Francisco Marina, East Harbor: \$1,125,000
- Statewide – Emergency Loans: \$500,000

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

2. Launching Facility Grants

Background. The Launching Facility Grants are provided to local governments for launching facility projects. These projects include the construction of launching ramps, shore-side or floating restrooms, boarding floats, shore protection, car-trailer parking, utilities, landscaping and irrigation, and other ancillary items.

The proposed projects are:

- Marin County – Black Point BLF: \$279,000
- Marin County – Miller Park BLF: \$575,000
- Kern County – Brite Valley BLF: \$100,000
- San Mateo County – Coyote Point BLF: \$150,000
- El Dorado County – El Dorado Beach BLF: \$100,000
- El Dorado County – Tahoe Vista BLF: \$300,000
- Imperial County – Sunbeam Lake BLF: \$130,000
- Ventura County – Ventura Harbor BLF: \$450,000
- Statewide – Floating Restrooms: \$500,000
- Statewide – Ramp Repair and Modification: \$500,000

- Statewide – Non-Motorized Boat Launching Facilities: \$500,000
- Statewide – Signs: \$50,000
- Statewide – Vessel Pumpout: \$100,000

Governor’s Budget. The Governor’s Budget proposes \$3,734,000 from the Harbors and Watercraft Revolving Fund for 13 grants to local governments.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3. Private Loans

Background. The Department of Boating and Waterways provides construction loans to owners of private marinas who would otherwise not receive financing for development. Most commercial lenders require that a borrower provide a deed of trust on the project real property as collateral. However, marina owners whose marinas are on publicly owned land do not own the marina real estate property, rather they operate a lease from the State Lands Commission or the federal government. The Department of Boating and Waterways has been providing these loans since 1980, and to date has loaned approximately \$50 million to private recreational marina owners. During that time, three loans have gone to default.

Governor’s Budget. The Governor’s Budget proposes \$5 million from the Harbors and Watercraft Revolving Fund for loans to private marinas.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

4. Abandoned Watercraft Abatement Fund

Background. Abandoned boats create both a safety and environmental hazard. SB 172 (Rainey, 1997) established the Abandoned Watercraft Abatement Fund (AWAF) for the purpose of providing grants to local governments to remove abandoned recreational vessels. Since 1998, the program has provided over \$3.3 million for the removal of abandoned vessels. Grants from the AWAF must be matched by a 10 percent local contribution.

Governor’s Budget. The Governor’s Budget proposes \$500,000 from the Harbors and Watercraft Revolving Fund for the administration of the Abandoned Watercraft Abatement Fund Program.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

5. SANDAG Regional Beach Sand Project – Stage 2

Background. The California Public Beach Restoration Act established the Public Beach Restoration Program (PBRP). The Department of Boating and Waterways was given authority under the Act to administer the PBRP and provide funds to local governments to assist in restoring beaches and coastal habitat. Beach restoration activities can restore and preserve safe coastal access, sustain coastal dependent economic activities such as recreation and tourism, provide safety from unstable coastal cliff falls, and restore habitat and foraging areas for numerous coastal and marine species. The San Diego coastline is in an acute state of sediment deficiency due to damming of rivers for flood control and water supply needs along with the construction of seawalls, which halt the natural flow of sand-size sediment to the coast.

The proposed project would restore eroded beaches in the Oceanside, Mission Beach and Silver Strand littoral cells. The project would be coordinated with the San Diego Association of Governments (SANDAG) and the seven coastal cities impacted. The project would restore 4.8 miles of coastal shoreline and create approximately 148 acres of new beach. This restoration would protect environmentally sensitive coastal habitats of the San Diego coastline as well as encourage coastal tourism and recreation. The total project cost for all three phases would be \$22-24 million, of which the State would provide \$19.5 million over three years.

Governor's Budget. The Governor's Budget proposes \$6.5 million from the Harbors and Watercraft Revolving Fund for restoring San Diego County beaches.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal as one-year funding, so that the department would return for the next stage of funding.

6. Permanent Federal Grant Increase Adjustment

Background. The federal Sport Fish Restoration and Boating Safety Fund receives funding from the federal excise taxes on fishing equipment and percentage of the excise tax attributed to fuel used in motorboats and small boat engines.

The Department of Boating and Waterways' (DBW) Multi-Media Public Education and Safety program focuses around providing grants to aquatic centers for on-the-water public safety training. Of the people who drown in California boating accidents, 80 percent do not wear life jackets. The program also does public service announcements and educational billboards.

The DBW Local Assistance program provides funds for local law enforcement to purchase patrol boats, trailers, engines, and other equipment necessary to ensure adequate enforcement of State boating safety laws and regulations. Boating laws are enforced by over 100 local law enforcement agencies throughout the state. In addition, the Local Assistance program provides funds for boating trails that mostly provide water access facilities.

Governor's Budget. The Governor's Budget proposes a baseline increase of \$2.4 million in federal funds for the following:

- \$700,000 – Education and Media
- \$1,300,000 – Local Assistance for boating enforcement
- \$400,000 – Local Assistance for boating trails

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

7. Capital Outlay – Statewide Minor Projects

Background. Minor capital outlay projects are projects that cost under \$400,000 to plan and construct. The Department of Boating and Waterways is requesting several statewide minor capital outlay projects.

Studies. The studies request would complete environmental documents and other necessary planning for larger projects before the preliminary plans are started. Studies can help identify problems and avoid delays further into the project.

Emergency Repairs and Replacements. These repairs result from natural disasters or other unforeseen needs to repair or replace boating infrastructure.

Boating Trails. Boating trails provide a safe place for non-motorized crafts such as kayaks to get in and out of the water.

Low-Water Improvements. Some construction is only feasible when the water levels in a lake or river are at a low point. These funds would be used for construction that is not always predictable due to low water flows.

Governor’s Budget. The Governor’s Budget proposes \$1.59 million from the Harbors and Watercraft Revolving Fund for the following:

- \$90,000 – Studies
- \$400,000 – Statewide Emergency Repairs and Replacements
- \$600,000 – Statewide Boating Trails
- \$500,000 – Statewide Low-Water Improvements

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposals.

8. Capital Outlay Projects

Background. The Department of Boating and Waterways has the statutory authority to undertake capital outlay projects. Each year the department conducts improvements on existing boating infrastructure and builds new boating facilities.

Governor's Budget. The Governor's Budget proposes from the Harbors and Watercraft Revolving Fund for the following projects:

- Lake Perris Ramp 5 Improvements – \$650,000
- Pyramid Lake, Bear Trap Boat-In Site – \$400,000
- Pyramid Lake Visitor Dock Improvement – \$550,000
- Lake Del Valle Visitor Dock Installation – \$400,000
- Lake Del Valle Boarding Float Improvements – \$320,000
- Millerton Lake North Shore Parking Expansion – \$500,000
- Millerton Lake Boating Information Sign Kiosks – \$150,000
- Silverwood Lake Sawpit Lighting Improvements – \$175,000
- Silverwood Lake Serrano Boat-In Improvements – \$325,000
- McArthur-Burney Visitor Dock Improvements – \$300,000
- Clear Lake State Park Fish Cleaning Station and Canopy – \$60,000

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposals.

9. Clean and Green Boating Program Coordinator Position

Background. The Boating Clean and Green Campaign was started in 1997 by the California Coastal Commission with the Department of Boating and Waterways (DBW) as a partner. The goal of the campaign was to raise boater awareness about pollution associated with boating, provide education about environmentally sound boating practices, provide more convenient pollution prevention services and outreach to publicize these services. Pollutants that are associated with boating activities include sewage, oil and fuel, detergents, solvents, paints, plastics, and other marine debris. There are over 900,000 registered boats in California, which can have an impact on the water resources of the state.

In 2006 the DBW assumed lead agency role over the program. The one coordinator position for the program became DBW responsibility.

Governor's Budget. The Governor's Budget proposes authority for one position to be funded out of existing operating expenses and equipment funding coming from the Harbors and Watercraft Revolving Fund.

Staff Analysis. The Department of Boating and Waterways already has one employee to manage grants for vessel sewage pumpout stations and media and education outreach to reduce vessel sewage discharges.

Staff Recommendation. Staff recommends that the Subcommittee reject the budget proposal.

3720 California Coastal Commission

1. Coastal and Marine Education Whale Tail License Plate Program

Background. The Whale Tail License Plate sales revenues are deposited into the California Beach and Coastal Enhancement Account and the Environmental License Plate Fund with a 50-50 split. The Coastal Commission receives the funds within the California Beach and Coastal Enhancement Account for the purposes of beach cleanup, educational outreach, and maintaining public beaches. With these funds the California Coastal Commission provides grants to non-profits and government agencies to provide education outreach in the community regarding coastal environments and protection.

Since the Whale Tail License Plate Grants Program was launched in 1998 the Coastal Commission has provided a total of 291 grants. In 2006 the Coastal Commission was able to fund only 26 percent of the proposals it received.

Governor's Budget. The Governor's Budget proposes \$284,000 in California Beach and Coastal Enhancement Account funds for a one-time augmentation to the Coastal Commission's budget. With the existing baseline this augmentation would bring the Coastal Commission's available grant program funds to \$743,000.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

2. Budget Balancing Reduction – Coastal Management Program

Governor's Budget Balancing Reduction. The Governor's Budget proposes to reduce the Coastal Commission's Coastal Management Program by \$956,000 General Fund.

Impact of Proposal. The Coastal Commission is already stretched in resources and unable to enforce the Coastal Act in most of Northern California. Reducing the Commission's staff by another 15 positions would reduce the Commission's ability to review permits in a timely manner and to review updates to Local Coastal Plans (LCP). In 2007, the Commission reviewed 387 permits and 70 appeals. It also received 111 updates to LCPs in 2007.

Staff Recommendation. Staff recommends that the Subcommittee reject the proposed reduction.

3760 State Coastal Conservancy

Background. The State Coastal Conservancy (SCC) is authorized to acquire land, undertake projects, and award grants for the purposes of: (1) preserving agricultural land and significant coastal resources, (2) consolidating subdivided land, (3) restoring wetlands, marshes, and other natural resources, (4) developing a system of public accessways, and (5) improving coastal urban land uses. In general, the projects must conform to California Coastal Act policies and be approved by the conservancy governing board.

Governor's Budget. The Governor's budget proposes \$134 million for the State Coastal Conservancy in 2008-09. This is a 57 percent decrease over the current year budget due to decreased capital outlay funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Coastal Resource Development	\$5,211	\$5,058	-\$153	-2.9
Coastal Resource Enhancement	8,476	5,510	-2,966	-35.0
Administration	4,654	3,593	-1,061	-22.8
<i>less distributed administration</i>	<i>-4,654</i>	<i>-3,593</i>	<i>1,061</i>	<i>-22.8</i>
Capital Outlay	298,270	124,018	-174,252	-58.4
Total	\$311,957	\$134,586	-\$177,371	-56.9
Funding Source				
General Fund	\$819	\$0	-\$819	-100.0
Special Funds	41,942	36,772	-5,170	-12.3
Bond Funds	211,998	93,748	-118,250	-55.8
<i>Budget Act Total</i>	<i>254,759</i>	<i>130,520</i>	<i>-124,239</i>	<i>-48.8</i>
Federal Trust Fund	5,656	2,136	-3,520	-62.2
Reimbursements	51,542	1,930	-49,612	-96.3
Total	\$311,957	\$134,586	-\$177,371	-56.9

1. Public Access Program

Background. The Coastal Conservancy funds projects that provide public access to the coast and restore coastal waterfronts. The Conservancy's projects include 1) acquisition of trail easements; 2) acceptance of offers to dedicate; 3) design and construction of trail, stairways,

staging areas, restrooms, and interpretive signage; and 4) the provision of ADA accessible facilities. The Conservancy also provides operations costs to local agencies and non-profits to assist in opening up new access ways. These operations costs include funding for docents or security personnel, public education activities, and carrying out studies and surveys.

Governor's Budget. The Governor's Budget proposes \$700,000 for the Coastal Conservancy's Public Access, Education, and related programs. The funding sources are divided:

\$300,000	Coastal Access Account
\$400,000	Coastal License Plate Fund

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

2. Ocean Protection Council: Capital Projects and Science Applications

Background. The California Ocean Protection Council (COPC) works on a wide variety of problems on California's coast and ocean, including over-fishing, habitat destruction, invasive species, beach erosion, loss of economic vitality, poor water quality, lack of enforcement capabilities, and marine debris. COPC is currently working on an ocean mapping project that aims to map all state waters over the next four years.

Proposition 84, Chapter 7, Section 75060 (g) provides \$90 million to California Ocean Protection Trust Fund, funds from which can only be used for ocean protection and related activities. The *2007-08 Budget Act* appropriated \$28 million of this amount, leaving \$62 million available.

The COPC proposes to use 2008-09 bond funds for: 1) seafloor mapping; 2) ocean observing; 3) ocean research; 4) invasive species; 5) habitat restoration; 6) beach erosion; 7) water quality; 8) marine debris; 9) coastal hazards; and 10) modernizing coastal economies.

Governor's Budget. The Governor's Budget proposes \$26,420,000 in Proposition 84 bond funds for the COPC projects and programs. This funding would be one-time, with the Conservancy requesting additional bond funds in future years consistent with a bond expenditure plan.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3. Coastal Conservancy Programs

Background. The State Coastal Conservancy works on three major programs: coastal resource enhancement, public access and coastal resource development, and San Francisco Bay Conservancy. The Coastal Conservancy's capital outlay projects protect and improve rivers,

lakes, streams, watersheds, beaches, bays, coastal waters, and other natural resources of the coast and San Francisco Bay area; and promote the public's access to and enjoyment of the coast and San Francisco Bay shoreline; work on the California Coastal Trail; and provide trail connections to the coast from inland areas, including the development of regional river parkway systems.

Project Selection. In selecting projects to fund the Conservancy gives priority to projects that have landscape and habitat linkages, offer watershed protection, support relatively large areas of under-protected major habitat types, and have a non-state matching financial contribution.

Project Focus. In 2008-09 the Coastal Conservancy intends to work on projects focusing on: reducing erosion and siltation; eradicating invasive species; removing or modifying barriers to Anadromous fish; slowing or reversing resource depletion due to population growth and economic activities; restoring scarce plant and animal assemblages necessary for ecosystem health; reducing non-point source pollution through establishment of wetlands and other innovative means; and restoring and enhancing urban watersheds. In addition, the Coastal Conservancy's public access program will work on access facilities, urban waterfronts, and offers to dedicate.

Available Funding. Proposition 84 provides funds for the State Coastal Conservancy:

- \$45 million for Santa Ana River Parkway – Chapter 5, Section 75050 (i).
- \$135 million for protection of beaches, bays, coastal waters, and watersheds – Chapter 7, Section 75060 (b)
- \$45 million for protection of Monterey Bay – Chapter 7, Section 75060 (e)
- \$27 million for protection of San Diego Bay – Chapter 7, Section 75060 (f)

Proposition 84 provides funds for the San Francisco Bay Area Conservancy:

- \$108 million for the San Francisco Bay Area Conservancy Program – Chapter 7, Section 75060 (c)

Governor's Budget. The Governor's Budget proposes \$89,098,000 in Proposition 84 bond funds for the State Coastal Conservancy. The funds would be divided as follows:

Santa Ana River Parkway	\$13,400,000
San Francisco Bay Area Conservancy	\$24,000,000
Monterey Bay Watershed	\$11,500,000
San Diego Bay and Watershed	\$5,198,000
Statewide Conservancy Programs	\$35,000,000

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal with the following budget bill language:

Of the amount appropriated in this item, \$3,000,000 shall be allocated for projects under the direction of the San Diego River Conservancy.

3790 Department of Parks and Recreation

1. Off-Highway Motor Vehicle Recreation Grants and Cooperative Agreements

Background. The Department of Parks and Recreation Off-Highway Motor Vehicle Recreation (OHMVR) division provides grants for off-highway vehicle areas and recreational trails. The grants are available to cities, counties, some districts, non-profits, and the federal government. Approximately 85 percent of off-highway vehicle areas are on federal lands.

SB 742 (Steinberg, 2007) provided for increased funding for the OHMVR program through an increase in the off-highway vehicle sticker fee. In the last decade the amount of grant funding requested through the program has doubled, while the number of projects not funded has increased ten fold. The new revenue generated by SB 742 is anticipated to increase the available grant funding by 50 percent, from \$18 million to \$27 million annually. The OHMVR currently has seven positions to administer grants and ensure compliance with regulations.

Governor's Budget. The Governor's Budget proposes \$913,000 on-going from the Off-Highway Vehicle Trust Fund for eight positions to handle the increased volume of grant applications and monitoring for the OHMVR program.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

2. Off-Highway Motor Vehicle Recreation Program – SB 742 Implementation

Background. The Department of Parks and Recreation has eight Off-Highway Vehicle (OHV) parks. Though the number of OHV parks has stayed the same for the last decade, the number of visitors to OHV parks has increased from 1.5 million to 5 million annually. SB 742 (Steinberg, 2007) increased the green sticker fee from \$25 to \$50 per vehicle every two years in order to sufficiently fund OHV recreation in California.

Governor's Budget. The Governor's Budget proposes \$13,914,000 from the Off-Highway Vehicle Trust Fund for 76 positions to provide additional staffing for the Off-Highway Motor Vehicle Recreation Program.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3. Route Designation Planning and Implementation – SB 742

Background. The Conservation and Enforcement Services Account (CESA) includes funding for conservation, law enforcement, and restoration activities in off-highway vehicle areas. Over

the past several years, demand for restoration funding has declined, leaving a balance of approximately \$14 million in CESA. SB 742 (Steinberg, 2007) states that 40 percent of the accumulated CESA funds will be distributed to the U.S. Forest Service and the Bureau of Land Management (BLM) with Challenge Cost-Share Agreements.

The cost-share agreements with the U.S. Forest Service and BLM will require the maintenance of viable and sustainable species populations, ongoing monitoring and attendant adaptive management, and the maintenance of soils conservation standards by the grant recipients.

Governor's Budget. The Governor's Budget proposes \$5.6 million from the Off-Highway Vehicle Fund for planning and implementation of off-highway vehicle routes.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

4. Deferred Maintenance

Background. Deferred maintenance is occurs when routine maintenance projects are delayed and the infrastructure corrodes to require greater repair. In 1998 the Department of Parks and Recreation calculated the park system's deferred maintenance backlog at \$270 million. Today, the list of deferred maintenance projects is over \$1.2 billion. Many deferred maintenance projects at the Department of Parks and Recreation have been deferred for so long that the infrastructure can no longer be repaired with small repairs but qualifies as a capital outlay project for which bond funds can be used.

Governor's Budget. The Governor's Budget proposes \$12,268,000 from Proposition 84 bond funds for deferred maintenance projects in state parks.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal but change the budget bill language to provide the fund for four years, instead of the requested six.

5. Natural Heritage Stewardship Program

Background. The Natural Heritage Stewardship Program aims to ensure that ecosystem and constituent elements are in a healthy condition and significant natural sites and features are protected and preserved. The program funds projects designed to correct problems of accelerated erosion, exotic species encroachment, suppression of natural fires and the buildup of fuels for fires, animal population imbalances, disease and vandalism.

The administration has a five-year \$8.6 million plan for this program.

Governor's Budget. The Governor's Budget proposes \$2 million from Proposition 84 bond funds for the Natural Heritage Stewardship Program.

Staff Recommendation. Staff recommends that the Subcommittee approve these funds, but that the Subcommittee approve \$1,804,000 for projects as one-time only.

6. Statewide Cultural Stewardship

Background. The State Park system includes 26 National Historic Landmarks and 94 properties listed on the National Register of Historic Places. There are more than 11,000 recorded archaeological sites and more than 3,000 historic structures scattered throughout the State Park system. The department does not have a dedicated funding source for cultural resources stewardship. In the past, the department received Proposition 12 bond funds for cultural resources, but all those funds have now been exhausted.

The Cultural Stewardship program would preserve and restore cultural resources in the State Park system with four program area emphases: historic adobe structures, historic cemeteries, archaeological sites, and museum collections. The currently identified needs of the cultural stewardship program exceed \$300 million.

Governor's Budget. The Governor's Budget proposes \$1,169,000 from Proposition 84 bond funds for planning and implementation of cultural stewardship projects as the first phase of a \$6.9 million five-year plan.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal with the project funds as one-time funds only.

7. Statewide Interpretative Exhibit Program

Background. In the State Park system, self-guided use of interpretive facilities such as museums, visitor centers, interpretive trails, and historic buildings serve approximately 8.4 million visitors annually. The department is proposing to construct and rehabilitate interpretive exhibits statewide. The Interpretative Exhibit Program includes projects such as rehabilitation of visitor center exhibits, development of outdoor exhibits, installation of historic house museum displays, and development of self-guided interpretive trails and updating of audiovisual systems. The department plans on selecting approximately 13-15 interpretive exhibit projects each year for the duration of the six-year program.

The *2007-08 Budget Act* provided the department with positions to administer Proposition 84 programs. Two of these positions will be directed to the Interpretative Exhibit Program, so no new positions are being requested.

Governor's Budget. The Governor's Budget proposes \$1,458,000 from Proposition 84 bond funds for the Interpretative Exhibit Program.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal with project funds as one-time funds only.

8. Local Assistance Program

Background. The Department of Parks and Recreation provides various grants to cities, counties, non-profit organizations, regional park districts, local park districts, museums, aquariums, zoos, and other public utility or community service districts. These local assistance grants are used for capital projects, including acquisition of real property, development, and rehabilitation.

Governor's Budget. The Governor's Budget proposes \$45,560,000 from various special funds and federal funds for the parks local assistance program. The funds are broken down as follows:

- \$3,655,000 – Habitat Conservation Fund
- \$27.1 million – Off-Highway Vehicle Fund
- \$9,726,000 – Recreational Trails Fund
- \$5,079,000 – Federal Trust Fund

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

9. Concessions

Background. The Department of Parks and Recreation contracts with vendors to provide certain services at state parks. These vendors pay the state to operate in state parks. The department collects approximately \$11 million in revenue annually from concessions contracts.

Governor's Budget. The Governor's Budget proposes to approve the following concessions and operating agreements:

- Angel Island State Park – Tours and Food Service Concession
- Lake Oroville State Recreational Area – Bidwell Canyon Marina Concession
- Old Town San Diego State Historic Park – Historic Replica of the Franklin House
- Pacheco State Park – Wind Turbine Concession

LAO Recommendation. The LAO recommends that the Legislature approve three of the concessions agreements and hold open the Pacheco State Park concessions agreement due to lack of sufficient information to evaluate the agreement. The department has not yet completed its final economic feasibility study for the Pacheco State Park wind turbine concession. Without this information, the LAO argues that the Legislature is not able to determine whether this proposal is in the state's interest. The LAO recommends the Legislature withhold approval of the Pacheco State Park wind turbine concession proposal, until the department has provided a final economic feasibility study.

Staff Comment. The department has assured staff that the project will not proceed until the economic feasibility study for the Pacheco State Park wind turbine concession is completed. The feasibility study is anticipated in early June 2008.

Staff Recommendation. Staff recommends that the Subcommittee approve the concessions agreements.

10. Fire Prevention in Remote Areas

Background. High Risk Fire Zone areas are modeled by the Department of Forestry and Fire Protection to reflect the fire hazard of the area. The fire hazard measurement includes the speed at which a wildfire moves, the amount of heat the fire produces, and most importantly, the burning fire brands that the fire sends ahead of the flaming front. The fire hazard model considers the wildland fuels in the area as well.

The Department of Parks and Recreation has dozens of parks in high risk fire zones. This proposal would place park rangers in park districts located in high risk fire zones to specifically work on fire prevention, rapid response, and protection of public safety during fire events.

Public Resources Code Section 5008 directs the Department of Parks and Recreation to “protect the state park system and the state vehicular recreation area and trail system from damage and preserve the peace therein.” The code does not mention protecting specifically against fire danger.

Governor’s Budget. The Governor’s Budget proposes \$3 million from General Fund for fire prevention activities and 29 positions at state parks in high risk fire zones.

Staff Recommendation. Given the current General Fund shortfall staff recommends that the Subcommittee reject the budget proposal.

11. YMCA of San Diego County – Reappropriation

Staff Proposal. Staff proposes a reappropriation of a local park grant to the YMCA of San Diego County for their Border View Expansion project until June 30, 2009.

Proposed Language. Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2009:

0005 – Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund
(1) Item 3790-102-0005(a)(5)(vx), Budget Act of 2000 (Ch. 52, Stats. 2000), YMCA of San Diego County: Border View Expansion

Staff Recommendation. Staff recommends that the Subcommittee reappropriate the funds.

12. City of Anaheim Maxwell Park Extension – Reappropriation

Staff Proposal. Staff proposes a reappropriation of a local park grant to the City of Anaheim until June 30, 2009.

Proposed Language. Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2009:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (1) Item 3790-102-0005, Budget Act of 2000, (Ch. 52, Stats. 2000), (a) 80.25 Recreational Grants, (5) Murray-Hayden Grants, (x) City of Anaheim: Maxwell Park Expansion Project from 15 to 21 acres.

Staff Recommendation. Staff recommends that the Subcommittee reappropriate the funds.

13. San Dieguito River Park – Reappropriation

Staff Proposal. Staff proposes a reappropriation of a local park grant to the San Dieguito River Park Joint Powers Authority in the City of Escondido until June 30, 2009.

Proposed Language. Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2009:

0005 – Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (1) Item 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), (a) 80.25--Recreational Grants, (1) Competitive grants (non-project specific), (c) Non-motorized Trails Grants. This reappropriation is limited to a \$200,000 grant to the San Dieguito River Park Joint Powers Authority.

Staff Recommendation. Staff recommends that the Subcommittee reappropriate the funds.

3820 San Francisco Bay Conservation and Development Commission

Background. The San Francisco Bay Conservation and Development Commission (BCDC) implements and updates the San Francisco Bay Plan and the Suisun Marsh Protection Plan.

Under these plans, BCDC regulates and issues permits for: (1) all filling and dredging activities in the San Francisco, San Pablo, and Suisun Bays including specified sloughs, creeks, and tributaries; (2) changes in the use of salt ponds and other "managed wetlands" adjacent to the bay; and (3) significant changes in land use within the 100-foot strip inland from the bay. The commission's main objectives are to minimize fill in San Francisco Bay and maximize public access to the shoreline.

Governor's Budget. The Governor's Budget proposes \$5.6 million for the BCDC for 2008-09. This is about the same level of support as for current year.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Bay Conservation and Development	\$5,776	\$5,657	-\$119	-2.1
Total	\$5,776	\$5,657	-\$119	-2.1
Funding Source				
General Fund	\$4,530	\$4,569	\$39	0.9
<i>Budget Act Total</i>	<i>4,530</i>	<i>4,569</i>	<i>39</i>	<i>0.9</i>
Bay Fill Clean-Up and Abatement Fund	212	216	4	1.9
Federal Trust Fund	0	0	0	0.0
Reimbursements	1,034	872	-162	-15.7
Total	\$5,776	\$5,657	-\$119	-2.1

1. CalTRANS Interagency Agreement Amendment

Background. The San Francisco Bay Conservation and Development Commission (BCDC) must authorize most forms of development within the BCDC jurisdiction. The BCDC considers over 200 applications for permit actions every year. BCDC has four permit analysts to perform this work.

In 2005, CalTRANS and the BCDC entered into an interagency agreement for CalTRANS to provide financial support to BCDC so that BCDC's staff could offer more general coordination and priority permit review services on CalTRANS projects. The initial agreement was for three years. CalTRANS has been satisfied with the agreement, and wants to continue paying for a permit review analyst.

Governor's Budget. The Governor's Budget proposes \$184,000 from reimbursements for 2008-09 and \$190,000 for 2009-10 and 2010-11 for one position to review CalTRANS permit applications at the BCDC.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3830 San Joaquin River Conservancy

Background. The San Joaquin River Conservancy (SJRC) acquires and manages public lands within the San Joaquin river parkway, which consists of approximately 5,900 acres on both sides of the San Joaquin River between Friant Dam and the Highway 99 crossing.

Governor's Budget. The Governor's Budget proposes \$1.5 million for the SJRC. This is a reduction of 65 percent over current year mainly due to capital outlay reimbursements.

Wildlife Conservation Board. The Wildlife Conservation Board (WCB) is designated to make land acquisitions on behalf of SJRC. The Governor's budget provides \$10 million in Proposition 84 bond funds to finance acquisitions and improvement projects for SJRC.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
San Joaquin River Conservancy	\$464	\$498	\$34	7.3
Capital Outlay	3,853	1,000	-2,853	-74.1
Total	\$4,317	\$1,498	-\$2,819	-65.3
Funding Source				
Special Funds	\$347	\$372	\$25	7.2
Bond Funds	117	126	9	7.7
<i>Budget Act Total</i>	<i>464</i>	<i>498</i>	<i>34</i>	<i>7.3</i>
Reimbursements	3,853	1,000	-2,853	-74.1
Total	\$4,317	\$1,498	-\$2,819	-65.3

1. Proposition 84 Program Delivery

Background. The Conservancy currently has three positions. This proposal would fund one of the existing positions from bond funds to help implement the Conservancy's Proposition 84 program. The position is currently being funded out of Proposition 40 bond funds, but those funds are going to end.

The position would be responsible for helping the Conservancy acquire nearly 1,300 acres for approximately \$27.2 million, as well as planning, overseeing, and administering approximately \$6.8 million in numerous public access and recreation and habitat enhancement and restoration capital improvement projects.

Governor's Budget. The Governor's Budget proposes \$122,000 (\$717,000 over five years) from Proposition 84 bond funds for one existing position and related OE&E. The cost of the position is \$122,000 annually, the additional cost is due to OE&E.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

2. Environmental Restoration, Public Access, and Recreation

Background. The public access and recreation program provides educational and recreational opportunities for the benefit of the public as mandated by the Conservancy's enabling Act. The public access program undertakes projects set forth in the San Joaquin River Parkway Master Plan. The environmental restoration program strives to reverse degradation of the habitat values within the 5,900-acre Parkway area.

Governor's Budget. The Governor's Budget proposes \$2 million in Proposition 84 bond funds and \$2 million in reimbursements (total \$4 million) for environmental restoration, public access, and recreation projects. The reimbursements are bond funds coming from the Wildlife Conservation Board.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3. Acquisitions

Background. The mission of the San Joaquin River Conservancy is to preserve and enhance the San Joaquin River Parkway's biological diversity, protect the cultural and natural resources, and provide educational and recreational opportunities to benefit the public, through acquisitions and conservation easements. There are 5,900 acres within the Conservancy's jurisdiction, of which approximately 1,841 acres remain to be acquired. The Conservancy estimates that the requested funds will allow for the acquisition of 400 additional acres. The Conservancy only purchases from willing sellers.

All of the San Joaquin River Conservancy's funds move through the Wildlife Conservation Board because the Conservancy does not have technical acquisition and legal expertise on staff. All of the funds are expended at the discretion of the Conservancy.

Governor's Budget. The Governor's Budget proposes \$8 million in Proposition 84 bond funds for land acquisition.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3835 Baldwin Hills Conservancy

Background. The Baldwin Hills Conservancy (BHC) acquires and manages public lands within the Baldwin Hills area to provide recreational facilities, open space, wildlife habitat restoration, and educational services.

Governor's Budget. The Governor's budget proposes \$3.5 million to support BHC in 2007-08. This is 84 percent less than the estimated expenditures in the current year due to a loss of capital outlay bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Baldwin Hills Conservancy	\$448	\$576	\$128	28.6
Capital Outlay	19,373	4,050	-15,323	-79.1
Total	\$19,821	\$4,626	-\$15,195	-76.7
Funding Source				
Special Funds	\$334	\$345	\$11	3.3
Bond Funds	16,487	3,281	-13,206	-80.1
<i>Budget Act Total</i>	<i>16,821</i>	<i>3,626</i>	<i>-13,195</i>	<i>-78.4</i>
Reimbursements	3,000	1,000	-2,000	-66.7
Total	\$19,821	\$4,626	-\$15,195	-76.7

1. Acquisition and Improvement Program

Background. Baldwin Hills Conservancy land acquisitions are conducted in accordance with the 2002 Baldwin Hills Park Master Plan. The BHC work is accomplished through both direct Conservancy work and by providing grants to local agencies. The BHC is currently focusing on saving the Ballona Creek Watershed, of which approximately one-third is coastal sage scrub. The remaining two-thirds of the watershed is degraded by oil production and will require extensive restoration efforts. There are 528 unprotected acres of land in this area.

The land cost in the BHC area range from \$45,000 to \$200,000 per acre, because the land has oil deposits.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) dedicates \$10 million for the Baldwin Hills Conservancy.

Governor's Budget. The Governor's Budget proposes \$3.05 million in Proposition 84 bond fund for acquisition, restoration, and development. The Budget also proposes another \$1 million in reimbursements from other state and non-state entities.

The Governor's Budget also includes budget bill language for a General Fund loan to the Baldwin Hills Conservancy to meet cashflow needs due to delays in collecting reimbursements.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

2. Program Delivery Staff

Background. Currently the Baldwin Hills Conservancy (BHC) has three staff members. These staff members are currently fully involved with implementing the Conservancy's Proposition 40 bond funded projects.

The proposed new position would work on Proposition 84 bond project implementation. The analytical responsibilities of the position would be to provide the necessary assistance with identifying and tracking available project funds, coordinating agency grant contracts, managing capital improvement programs, preparing budget proposals and administering internal systems for bond related expenditures. The Conservancy estimates that it would take five years to fully implement the Proposition 84 bond program.

Governor's Budget. The Governor's Budget proposes \$116,000 in Proposition 84 bond funds for one position to work on acquisition and development activities.

Staff Recommendation. Staff recommends that the Subcommittee approve the proposal.

3845 San Diego River Conservancy

Background. The San Diego River Conservancy (SDRC) acquires and manages public lands within the San Diego River Area. It acquires lands to provide recreational opportunities, open space, wildlife habitat, species protection, wetland protection and restoration, and protection and maintenance of the quality of the San Diego River.

Governor's Budget. The Governor's Budget proposes \$333,000 to support SDRC in 2008-09. This is 59 percent decrease from the level of expenditures as estimated in the current year due to a decrease in reimbursements.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
San Diego River Conservancy	\$314	\$333	\$19	6.1
Capital Outlay	500	0	-500	-100.0
Total	\$814	\$333	-\$481	-59.1
Funding Source				
Special Funds	\$314	\$333	\$19	6.1
Bond Funds	0	0	0	0.0
<i>Budget Act Total</i>	<i>314</i>	<i>333</i>	<i>19</i>	<i>6.1</i>
Reimbursements	500	0	-500	-100.0
Total	\$814	\$333	-\$481	-59.1

No Budget Change Proposals

3850 Coachella Valley Mountains Conservancy

Background. The Coachella Valley Mountains Conservancy (CVMC) acquires and holds, in perpetual open space, mountainous lands surrounding the Coachella Valley and natural community conservation lands within the Coachella Valley.

Governor's Budget. The Governor's Budget proposes \$11.9 million to support CVMC in 2008-09. This is about the same level of funds as the current year estimated expenditures.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Coachella Valley Mountains Conservancy	\$437	\$441	\$4	0.9
Capital Outlay	12,030	11,518	-512	-4.3
Total	\$12,467	\$11,959	-\$508	-4.1
Funding Source				
Special Funds	\$302	\$302	\$0	0.0
Bond Funds	11,582	11,588	6	0.1
<i>Budget Act Total</i>	<i>11,884</i>	<i>11,890</i>	<i>6</i>	<i>0.1</i>
Reimbursements	567	69	-498	-87.8
Total	\$12,451	\$11,959	-\$492	-4.0

1. Land Acquisition

Background. The Coachella Valley Mountains Conservancy in 2007 completed a Natural Community Conservation Plan (NCCP) that has been approved by the County of Riverside, eight cities, and various special districts. The NCCP includes habitat for approximately 27 natural communities or habitat types that sustain multiple endangered species. The NCCP is scheduled to be permitted by the California Department of Fish and Game and the U.S. Fish and Wildlife Service by March 15, 2008.

The Conservancy's goal is to acquire 20,392 acres over five years. In 2007, the Conservancy provided grants that allowed for the acquisition of 505 acres (with another 920 in escrow) and contributed funds to a 100 acre acquisition by the Wildlife Conservation Board, with more acquisitions to follow in prior to June 30, 2008. The average cost of the land in the Conservancy's area is \$7,541 per acre. The Conservancy only purchases from willing sellers. The majority of the time, the Conservancy gives the lands it acquires to other entities, such as local governments or non-profits, to manage.

Governor's Budget. The Governor's Budget proposes \$11,518,000 from various bond funds for funding acquisition of mountainous lands and natural community conservation lands. The funding would come from:

Proposition 84 \$11,514,000

Proposition 12 \$3,000

Proposition 40 \$1,000

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3855 Sierra Nevada Conservancy

Background. Legislation was enacted in 2004, (AB 2600), to create a new Sierra Nevada Conservancy (SNC) to provide a vehicle for increasing and coordinating state and federal investments in the Sierra Nevada region. The region contains the mountains and the foothills of the Sierra Nevada range and certain adjoining areas, including Mono Basin, the Owens Valley, and part of the southern Cascade region. The jurisdiction covers all or portions of 22 counties from Shasta and Modoc counties in the north to Kern County in the south. Six geographic sub-regions have been defined within the conservancy boundaries. The conservancy is prohibited from acquiring fee title to land.

Governor's Budget. The Governor's Budget proposes \$21.7 million for the Sierra Nevada Conservancy in 2008-09. This is almost the same level of support as current year expenditures.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Sierra Nevada Conservancy	\$21,658	\$21,736	\$78	0.4
Total	\$21,658	\$21,736	\$78	0.4
Funding Source				
Special Funds	\$3,952	\$4,023	\$71	1.8
Bond Funds	17,506	17,513	7	0.0
<i>Budget Act Total</i>	<i>21,458</i>	<i>21,536</i>	<i>78</i>	<i>0.4</i>
Reimbursements	200	200	0	0.0
Total	\$21,658	\$21,736	\$78	0.4

1. Proposition 84 Local Assistance Grant Funding

Background. The Sierra Nevada Conservancy (SNC) was created by legislation in 2004. The SNC responsibilities are to:

- increase opportunities for tourism and recreation
- protect, conserve, and restore the region's physical, cultural, archaeological, historical, and living resources
- aid in the preservation of working landscapes
- protect and improve water quality
- assist the regional economy through the operation of the Conservancy's program
- undertake efforts to enhance public use and enjoyment of lands owned by the public

Proposition 84, Chapter 5 Section 75050(j), provides SNC with \$54 million for the protection and restoration of rivers, lakes and streams, their watershed and associated land, water, and other natural resources. In the *2007-08 Budget Act*, the Legislature appropriated \$17.5 million to the Conservancy.

Governor's Budget. The Governor's Budget proposes \$17 million in Proposition 84 bond funds for grants and cooperative agreements

The Governor's Budget also includes budget bill language allowing these funds to be available until June 30, 2011.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

Discussion Items

0540 Secretary for Resources

Governor's Budget. The Governor's Budget proposes \$77.7 million for the Secretary for Resources. The majority of these funds are from bond funds, mainly for the CALFED science program and the San Joaquin River Restoration. This is about a 41 percent reduction from the current year level of support, mainly due to a loss in bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Administration	\$ 166,365	\$ 97,583	-\$68,782	-41.3
Total	\$ 166,365	\$ 97,583	-\$68,782	-41.3
Funding Source				
General Fund	\$ 5,975	\$ 6,249	\$ 274	4.6
Special Funds	4,254	3,387	-867	-20.4
Bond Funds	136,734	68,091	-68,643	-50.2
<i>Budget Act Total</i>	<i>146,963</i>	<i>77,727</i>	<i>-69,236</i>	<i>-47.1</i>
Federal Trust Fund	2,959	3,210	251	8.5
Reimbursements	16,443	16,646	203	1.2
Total	\$ 166,365	\$ 97,583	-\$68,782	-41.3

1. San Joaquin River Restoration

Background. In 1988, the Natural Resources Defense Council (NRDC) sued the Bureau of Reclamation and the Friant Water Users Authority (FWUA) over the fish population levels in the river. In August of 2006, NRDC and FWUA entered into a settlement agreement, the goal of which is to "restore and maintain fish populations" in the San Joaquin River below the Friant Dam. The settlement specifies actions that will be taken over the next 20 years to restore the San Joaquin River. The intent is to restore approximately 150 miles of river from the Friant Dam to the confluence with the Merced River.

Under the agreement, the federal government will provide funds to restore the river, while FUWA agreed to actions that will increase flows in the river.

State Role. While the state is not a party to the lawsuit, The Department of Water Resources, the Resources Agency, and the California Environmental Protection Agency have entered into a memorandum of understanding (MOU) with the settling parties regarding the state's role in the restoration. These departments did not have the authority to enter into an MOU, and such an MOU does not place contractual obligations on the Legislature.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) provides \$100 million to the Resources Agency for San Joaquin River restoration. The Resources Agency estimates that costs for restoring the San Joaquin River will range from \$350 to \$800 million over 20 years.

In the *2007-08 Budget Act*, the Legislature provided \$13.8 million in one-time bond funds for studies, baseline monitoring, project planning, management, and other research costs; the establishment of a technical advisory committee; and the establishment, operation, and other costs of the Restoration Administrator.

Governor's Budget. The Governor's Budget proposes \$15,906,000 in Proposition 84 bond funds for San Joaquin River restoration, which would be provided to the Department of Water Resources (60%) and Department of Fish and Game (40%). These funds would be spent primarily on planning, design, and easement acquisition.

In addition, the Governor proposes the following budget bill language:

The funds appropriated in this item for purposes of subdivision (n) of Section 75050 of the Public Resources Code may only be expended upon enactment of federal legislation to implement, and to fund the federal government's share of, the settlement agreement in N.R.D.C. v. Rodgers.

The funds appropriated in this item for purposes of Section 75050(n) of the Public Resources Code shall be available for encumbrance or expenditure until June 30, 2011, for purposes of support, local assistance, or capital outlay.

LAO 2007 Analysis. The LAO pointed out that the Legislature has never been given an opportunity to evaluate the state's appropriate role in the restoration. The restoration effort is likely to require significant state contributions over the next several decades. The LAO thought that if the administration wishes to move forward with restoration activities, it should sponsor a policy bill to ratify the memorandum of understanding. Such a policy bill would allow the Legislature to fully evaluate the commitment the administration is proposing, as well as allowing the Legislature to determine the overall parameters of state involvement in the restoration. So far the administration has not introduced a bill to ratify the memorandum of understanding.

In addition, the LAO noted that the state is not directly responsible for the condition of the San Joaquin River that led to the lawsuit. Under the "polluter pays" principle, the responsible parties

– in this case the federal government and the water users – should bear the primary responsibility for the restoration of the river. Currently, the funding contribution of the responsible parties is subject to significant uncertainty. The settlement agreement, for example, provides that any party to the lawsuit can void the settlement if federal legislation to implement the settlement is not enacted by December 31, 2006. Such legislation has not yet been passed. The LAO advises against the state taking actions that potentially diminish the legal obligations of the responsible parties to restore the damage they have caused.

Staff Recommendation. Staff recommends that the Subcommittee hold this item open.

3125 California Tahoe Conservancy

Background. The California Tahoe Conservancy (CTC) acquires and manages land to protect the natural environment, provide public access and recreational facilities, and preserve wildlife habitat areas. It also awards grants to other agencies and nonprofit organizations for the purposes of its programs.

Governor's Budget. The Governor's Budget proposes \$13.9 million for the Tahoe Conservancy in 2008-09. This is an eighty percent decrease over the current year due to a decrease in bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Tahoe Conservancy	\$40,181	\$5,713	-\$34,468	-85.8
Capital Outlay	30,107	8,183	-21,924	-72.8
Total	\$70,288	\$13,896	-\$56,392	-80.2
Funding Source				
General Fund	\$243	\$222	-\$21	-8.6
Special Funds	6,902	5,434	-1,468	-21.3
Bond Funds	59,475	7,069	-52,406	-88.1
<i>Budget Act Total</i>	<i>66,620</i>	<i>12,725</i>	<i>-53,895</i>	<i>-80.9</i>
Reimbursements	1,380	500	-880	-63.8
Federal Trust Fund	2,070	450	-1,620	-78.3
Tahoe Conservancy Fund	218	221	3	1.4
Total	\$70,288	\$13,896	-\$56,392	-80.2

1. Implementation of the Environmental Improvement Program for the Lake Tahoe Basin

Background. The Environmental Improvement Program (EIP) represents a collaborative capital improvement approach toward meeting environmental and public access goals at Lake Tahoe. The EIP reflects a commitment to capital outlay, local assistance, and programmatic approaches to counter the rapid decline of the resources and public recreation values of the Lake Tahoe

Basin. Since 1998, the state has appropriated approximately \$221 million to the Tahoe Conservancy for the EIP implementation.

The Federal government recently announced a \$45 million allocation for the 2008 Federal fiscal year for the EIP implementation.

Governor's Budget. The Governor's Budget proposes \$8,183,000 for capital outlay funding to support the EIP implementation. The funds would come from the following sources:

- \$1,351,000 – Proposition 12
- \$383,000 – Habitat Conservation Fund
- \$708,000 – Lake Tahoe License Plate
- \$4,851,000 – Proposition 84
- \$890,000 – Reimbursements

Staff Recommendation. Staff recommends that the Subcommittee hold this item open.

2. Maintain Support Budget Baseline

Background. The Tahoe Conservancy has used up most of its program delivery allocations under Proposition 12, 40, and 50. The Conservancy's total support baseline is \$1,266,000, of which Propositions 12, 40, 50, and 84 can cover \$696,000. This leaves the Conservancy with a shortfall of \$558,000. In order to maintain the Conservancy's baseline budget, the Conservancy is requesting additional funds.

Governor's Budget. The Governor's Budget proposes a fund shift of \$558,000 for its support budget. The funds would come from the following sources:

- \$120,000 – Proposition 12
- \$39,000 – Proposition 40
- \$399,000 – Lake Tahoe Conservancy Account

Staff Recommendation. Staff recommends that the Subcommittee approve the \$399,000 from Lake Tahoe Conservancy Account, but reject the Proposition 12 and 40 bond funds.

3560 State Lands Commission

Background. The State Lands Commission (SLC) is responsible for the management of lands that the state has received from the federal government. These lands total more than four million acres and include tide and submerged lands, swamp and overflow lands, the beds of navigable waterways, and vacant state school lands.

Governor's Budget. The Governor's Budget proposes \$28.9 million to support the State Lands Commission. This is about the same level of support as for current year.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Mineral Resource Management	\$ 9,285	\$ 9,243	-\$42	-0.5
Land Management	9,742	8,823	-919	-9.4
Marine Facilities Division	10,684	10,691	7	0.1
Capital Outlay	232	182	(50)	-21.6
Administration	3,533	3,365	-168	-4.8
<i>less distributed administration</i>	-3,533	-3,365	168	-4.8
Total	\$ 29,943	\$ 28,939	-\$1,004	-3.4
Funding Source				
General Fund	\$ 10,929	\$ 9,642	-\$1,287	-11.8
Special Funds	14,875	14,931	56	0.4
Bond Funds	0	0	0	
<i>Budget Act Total</i>	<i>25,804</i>	<i>24,573</i>	<i>-1,231</i>	<i>-4.8</i>
Reimbursements	3,695	3,926	231	6.3
Land Bank Fund	444	440	-4	-0.9
Total	\$ 29,943	\$ 28,939	-\$1,004	-3.4

1. Energy Projects Workload

Background. The State Lands Commission (SLC) has jurisdiction over all ungranted tidelands, submerged lands, and the beds of navigable rivers, sloughs, lakes, etc. The SLC also has authority over certain school lands granted to the State for the benefit of public education. A

lease from the SLC is required in order for any entity to place a project on state-owned lands under the jurisdiction of SLC.

Interest in Liquefied Natural Gas (LNG) and other renewable energy such as geothermal is growing in California. This interest is mainly due to statute (SB 1078, Sher, 2002) that requires investor-owned utilities, starting in 2003, to increase procurement of power from renewable resources by one percent per year until it comprises 20 percent of their supply mix, and reach that level by 2017 at the latest.

When a renewable energy power facility is proposed on state lands under the SLC's jurisdiction, the SLC must review the application. An Environmental Impact Report (EIR) must be submitted with applications for marine oil terminal facilities, geothermal exploration and development, and hydrogen pipeline construction due to the significant potential for environmental effect including oil spills, gas leaks, greenhouse gas emissions, and other impacts. It takes the SLC 12-18 months to process an EIR for each individual project. The current backlog of applications with the SLC is 18 projects.

Governor's Budget. The Governor's Budget proposes \$85,000 from reimbursement for one full-time position to review applications for Liquefied Natural Gas and other energy related projects on state lands. The reimbursement would be paid by the project applicants.

Staff Recommendation. Staff recommends that the Subcommittee hold this item open.

2. Budget Balancing Reductions

Governor's Budget Balancing Reduction. The Governor proposes a budget balancing reduction of \$611,000 General Fund and 5.7 positions from the Land Management program.

Impact of Proposal. This proposal would lead to the loss of one auditor to renegotiate leases. Lease auditors bring in approximately \$300,000 in new revenue annually as lease rates on state lands are raised. The other five positions would come from legal and boundary staff, who assist the Attorney General in state land disputes, provide assistance to state agencies that purchase land, and review developments.

The State Lands Commission has stated that by imposing a lease cost on some currently non-rent paying public benefit leases the state could raise approximately \$800,000 in new revenue.

Staff Recommendation. Staff recommends that the Subcommittee hold open this item.

3. Huntington Beach Field Office Replacement

Current Office Building. The State Lands Commission Huntington Beach office has become infected with toxic mold, due to storm damage to the roof in 2000 that allowed water to seep into

the walls. Asbestos and lead paint have been previously identified in the building. Department of General Services estimates that mold and asbestos remediation would cost over \$250,000. However, the building is not ADA compliant and the remediation would not address that problem.

The current Huntington Beach facility houses four employees who are responsible for testing and accounting oil production for royalty computations. All crude oil produced from state leases is sampled, tested and measured for gravity, water content, solids content, and other factors. This testing is used for the royalty verification calculation process. Annually, the crude oil royalties provide between \$15 to \$20 million in revenues to the state.

Proposed New Building. The new office building and laboratory would be 2,775 square feet with an oil laboratory. The laboratory would be designed as an explosion-proof space. The project cost includes the required equipment. The new office building would be constructed on State Lands Commission owned land in Seal Beach.

The current office would be demolished and the land sold as state surplus. The cost estimate for the site of the current office is \$3 million.

2007-08 Budget Action. In the 2007-08 Budget, the Legislature appropriated \$308,000 for the preliminary plans phase of this project. The total project cost is estimated at \$2,418,000.

Governor's Budget. The Governor's Budget proposes \$182,000 General Fund for the working drawings phase of the capital outlay project.

Staff Recommendation. Staff recommends that the Subcommittee reject the budget proposal.

3640 Wildlife Conservation Board

Background. The Wildlife Conservation Board (WCB) acquires property in order to protect and preserve wildlife and provide fishing, hunting, and recreational access facilities. The WCB is an independent board in the Department of Fish and Game and is composed of the Director of the Department of Fish and Game, the Director of the Department of Finance, and the Chairman of the Fish and Game Commission. In addition, three members of the Senate and three members of the Assembly serve in an advisory capacity to the board.

Governor's Budget. The Governor's Budget proposes \$62 million to support the WCB in 2008-09 year. This is over a 93 percent reduction from estimated expenditures in the current year due to the current year reflecting many acquisition projects for which the funds were appropriated in prior years but expended in 2007-08. General Fund support for the board increased by slightly less than 6 percent in the budget year.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
State Operations	\$ 4,356	\$ 4,346	-\$10	-0.2
Capital Outlay	871,043	57,668	-813,375	-93.4
Total	\$ 875,399	\$ 62,014	-\$813,385	-92.9
Funding Source				
General Fund	\$ 19,846	\$ 20,956	\$ 1,110	5.6
Special Funds	-4,791	1,758	6,549	-136.7
Bond Funds	849,368	38,300	-811,068	-95.5
<i>Total Budget Act</i>	<i>864,423</i>	<i>61,014</i>	<i>-803,409</i>	<i>-92.9</i>
Reimbursements	7,986	1,000	-6,986	-87.5
Oak Woodlands Conservation Fund	2,990	0	4,160	139.1
Total	\$ 875,399	\$ 62,014	-\$806,235	-92.1

1. Budget Balancing Reductions

Governor's Budget. The Governor proposes a budget balancing reduction of \$20,000 from the Board. The Board's total GF support budget is \$204,000. The remaining \$20 million in GF for the Board is a transfer to the Habitat Conservation Fund (see discussion below).

Impact of Reduction. General Fund makes up less than five percent of the total support appropriation for the Board. Some of the support functions paid for with General Fund would be shifted to special funds. Three positions are partially funded with General Fund.

Staff Recommendation. Staff recommends that the Subcommittee reduce the Board's budget by \$204,000. The Board has other resources to which it can shift the three positions partially funded with General Fund.

2. Increase in Position Authority

Background. The Wildlife Conservation Board (WCB) acquires, restores, develops, and enhances wildlife habitat and provides compatible public access for enjoyment of the state's wildlife resources. The WCB has 25 staff members to carry out its duties. The staff consists primarily of land agents and field agents, with supervisory and support staff. Since 2000, the voters have approved over \$1.9 billion in new bond funds for the WCB.

The current workload is 75 projects annually for each Senior Land Agent Specialist and 10 projects annually for each Public Land Management Specialist position.

Governor's Budget. The Governor's Budget proposes two new positions for the department from existing resources. The cost of these positions would be \$242,473 and the funding sources would be various bond funds and Wildlife Restoration Funds.

Staff Recommendation. Staff recommends that the Subcommittee reject the budget proposal and direct the Board to use these existing resources to fund the three positions previously partially funded from General Fund.

3. Habitat Conservation Fund

Background. Proposition 117, the mountain lion initiative, created the Wildlife Protection Act of 1990 (Act). The Act created the Habitat Conservation Fund (HCF), which requires an annual transfer of \$30 million into the fund. The Act requires if special funds are not available for transfer, General Fund monies must be used. These transfers will take place until 2020.

The \$30 million in HCF is divided as follows: \$21 million for the Wildlife Conservation Board, \$4.5 million to the Department of Parks and Recreation, \$4 million to the State Coastal Conservancy, and \$0.5 million to the Tahoe Conservancy.

The Wildlife Conservation Board uses the funds for the acquisition, restoration or enhancement of: habitat including native oak woodlands necessary to protect deer and mountain lions; habitat to protect rare, endangered, threatened, or fully protected species; enhancement, or restoration of wetlands, aquatic habitat for spawning and rearing of anadromous salmonids and trout resources and riparian habitat.

Governor's Budget. The Governor's Budget proposes \$21 million in General Fund to be transferred to the Habitat Conservation Fund.

LAO Recommendation. Based on the allowed uses of Habitat Conservation Fund and the availability of environmental mitigation funds from Proposition 1E, the LAO believes that the Legislature can appropriate funds from Proposition 1E to Habitat Conservation Fund—satisfying the requirements of Proposition 117. Therefore, The LAO recommends that the Legislature appropriate \$9.9 million from Proposition 1E to Habitat Conservation Fund in the budget year and about \$21 million per year thereafter. Also, the LAO recommends the Legislature adopt budget bill language directing Wildlife Conservation Board to spend those funds in a manner that both provides mitigation for Department of Water Resources' flood control projects and meets the criteria of Proposition 117.

Proposed Budget Bill Language. Budget Bill Language modifications (*in italics*):

3640-301-0262—For capital outlay, Wildlife Conservation Board, payable from the Habitat Conservation Fund.....\$20,668,000

Schedule:

(1) 80.10.000—*Wildlife Conservation Board Projects (Unscheduled)....\$10,705,000*

(2) 80.10.101—*Flood Control - Mitigation....\$9,963,000*

Provisions:

1. Funds appropriated in this item are provided in accordance with the Wildlife Conservation Law on 1947 and, therefore, shall not be subject to Public Works Board review.

2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2011.

3. *Of the amount appropriated in this item, \$9,963,000 shall be available for expenditure by the Wildlife Conservation Board for projects required under law to mitigate the impacts of flood control projects constructed by the Department of Water Resources pursuant to the Disaster Preparedness and Flood Prevention Bond Act of 2006 and consistent with the requirements of the Habitat Conservation Fund.*

3640-311-0383—*For transfer by the Controller from the Natural Resources Infrastructure Fund to the Habitat Conservation Fund...\$10,871,000*

Provisions:

1. *The funds transferred in this item shall be used for purposes consistent with the requirements of the Habitat Conservation Fund.*

3860-311-6052—*For transfer by the Controller from the Disaster Preparedness and Flood Prevention Bond Fund of 2006 to the Habitat Conservation Fund...\$10,129,000*

Provisions:

1. The funds transferred in this item shall be used for purposes consistent with the requirements of the Habitat Conservation Fund and the requirements of Section 5096.821 of the Public Resources Code.

Staff Recommendation. Staff recommends that the Subcommittee hold this item open.

4. Trailer Bill

Background. The Natural Heritage Preservation Tax Credit Act of 2000 (Act) requires the Wildlife Conservation Board to implement a program under which a donor of qualified property, upon approval of the Board, may receive a tax credit for a portion of the value of property that is donated to the state, a local government, or a nonprofit organization designated by a local government, in order to protect wildlife habitat, open space, and agricultural land. The Act establishes the Natural Heritage Preservation Tax Credit Reimbursement Account in the General Fund, into which are paid bond funds from local governments or specified state departments that are authorized to expend the moneys to acquire property under the Act. Upon appropriation, the moneys in the account are required to be used to reimburse the General Fund for tax credits claimed under the Act.

Proposed Trailer Bill Language. The Governor proposes trailer bill language to allow \$4,882,610 to be transferred from the Natural Heritage Preservation Tax Credit Reimbursement Account into the General Fund. Also, the trailer bill allows the State Controller to transfer, within 60 days of receipt of funds into the Natural Heritage Preservation Tax Credit Reimbursement Account and notification to the Legislature, those funds to the General Fund.

Staff Recommendation. Staff recommends that the Subcommittee approve amended trailer bill language. The amendment would be to keep the phrase “upon appropriation of the Legislature” in Section 1, 37036(b), rather than take it out as the Governor proposed.

3720 California Coastal Commission

Background. The California Coastal Commission, following its initial creation in 1972 by a voter initiative, was permanently established by the State Coastal Act of 1976. In general, the act seeks to protect the state's natural and scenic resources along California's coast. It also delineates a "coastal zone" running the length of California's coast, extending seaward to the state's territorial limit of three miles, and extending inland a varying width from 1,000 yards to several miles. The commission's primary responsibility is to implement the act's provisions. It is also the state's planning and management agency for the coastal zone. The commission's jurisdiction does not include the San Francisco Bay Area, where development is regulated by the San Francisco Bay Conservation and Development Commission.

Governor's Budget. The Governor's Budget proposes \$17.7 million to support the Coastal Commission in 2008-09. This is slightly higher than estimated expenditures for the current year.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Coastal Management Program	\$ 16,071	\$ 16,736	\$665	4.1
Coastal Energy Program	879	912	33	3.8
Administration	1,812	1,914	102	5.6
<i>less distributed administration</i>	<i>-1,712</i>	<i>-1,814</i>	<i>-102</i>	<i>6.0</i>
Total	\$ 17,050	\$ 17,748	698	4.1
Funding Source				
General Fund	\$ 11,709	\$ 11,809	100	0.9
Special Funds	1,307	1,863	556	42.5
<i>Budget Act Total</i>	<i>13,016</i>	<i>13,672</i>	<i>656</i>	<i>5.0</i>
Federal Trust Fund	2,513	2,544	31	1.2
Reimbursements	1,521	1,532	11	0.7
Total	\$ 17,050	\$ 17,748	698	4.1

1. Budget Balancing Reduction – Energy Program

Governor’s Budget Balancing Reduction. The Governor proposes a budget balancing reduction of \$52,000 General Fund from the Coastal Energy Program.

Impact of Reduction. The Coastal Energy Program addresses coastal energy issues, including, but not limited to, offshore oil and gas development, alternative energy projects, electricity generating power plant expansion and development, and siting and development of liquefied natural gas and desalination facilities. No positions would be lost as a result of this reduction, but available resources would be restricted.

Staff Recommendation. Staff recommends that the Subcommittee hold this item open.

2. Budget Balancing Reduction – Administration Program

Governor’s Budget Balancing Reduction. The Governor proposes a budget balancing reduction of \$173,000 General Fund from the Administration Program.

Impact of Reduction. The Administration Program provides administrative support including accounting, budgeting, business services, support services, information technology, and personnel to other departmental programs. This reduction would lead to the loss of two positions.

Staff Recommendation. Staff recommends that the Subcommittee hold this item open.

3. Trailer Bill Language

Background. The California Coastal Commission is responsible for reviewing coastal development permits in accordance with the State Coastal Act of 1976. Currently all coastal development permit fees are deposited into the Coastal Access Account. Funds in the Coastal Access Account are available, upon appropriation of the Legislature, to the State Coastal Conservancy for grants to public agencies and non-profit agencies to provide or improve facilities that provide access to the shoreline of the sea.

Recently the Coastal Commission has seen increasing workload, particularly in the review of complex development proposals, such as desalination and natural gas facilities. Accordingly, backlogs in the commission’s permitting and enforcement activities have developed.

Governor’s Proposal. The Governor proposes trailer bill language to make funds in the Coastal Access Account also available to the Coastal Commission, upon appropriation from the Legislature.

LAO Recommendation. The LAO believes that fees levied on permittees/developers should, along with other non-General Fund funding sources, cover the commission’s costs to issue and

enforce permits to the extent practical. This is because there is a direct link between the activities carried out by the commission and those who directly benefit from them through their development actions. The LAO points out that funding such activities would be consistent with the Legislature's actions in requiring that the costs of most other environmental regulatory programs, such as those protecting air and water quality, be largely if not totally reimbursed through industry fees and assessments.

The LAO recommends the enactment of legislation to create a special fund in the commission's budget into which fee revenues would be deposited, with expenditures from the fund subject to appropriation by the Legislature. The LAO thinks that the Legislature's oversight of, and accountability for, the uses of the funds are facilitated by depositing the fees into a special fund.

Staff Recommendation. Staff recommends that the Subcommittee hold this issue open.

4. Operating Expenses, Equipment, and Information Technology

Background. The Operating Expenses and Equipment (OE&E) budget is used by departments to pay for costs associated with keeping an office functional, such as paying rent and repairing or replacing worn equipment.

The Coastal Commission's OE&E budget was reduced in 2001 due to State budget reductions, and has not been increased to its pre-reduction level. Due to the budget constraints, much of the equipment such as computers and copiers has not been replaced and is in use past its guaranteed useful life.

The Commission has six offices for which the rent has been increasing. The Ventura and Eureka offices are not ADA accessible. The Department of General Services is negotiating leases in different office space for the Commission, but that new space will have increased rent as well as moving costs associated with going to a new space.

Governor's Budget. The Governor's Budget proposes \$524,000 from the Coastal Access Account for increasing the operating expenses and equipment baseline budget of the Coastal Commission and providing a one-time information technology augmentation.

\$319,000	Baseline Augmentation (on-going)
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\$141,000	Facilities Operations
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\$ 53,000	T1 Network Connection
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\$125,000	Equipment Replacement
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\$205,000	One-time Costs
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\$205,000	IT Hardware and Equipment Replacement
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Staff Concerns. The Coastal Commission has indicated that if these funds are approved, they will shift some of their existing operating expenditures and equipment (OE&E) funding to pay

for positions that would be eliminated with the Governor's budget balancing reductions. This shift in funding is inappropriate unless specifically requested by the Legislature.

Staff Recommendation. Staff recommends the Subcommittee hold this item open since the funding source is dependent upon the passage of the trailer bill.

5. Civil Fine Authority – Informational Item

Background. Currently, in order for the commission to issue a fine or penalty, the commission must file a case in the superior court. This process is cumbersome and results in few fines and penalties issued by the commission due to the high cost of pursuing enforcement through the courts. The Coastal Commission's enforcement fine and penalty revenues are required to be transferred to the Violation Remediation Account in State Coastal Conservancy, to be used to carry out the general purposes of the Coastal Act.

LAO Recommendation. The LAO recommends the enactment of legislation enabling the commission to issue fines and penalties directly for enforcement actions, rather than through the court process, as an additional means to stabilize funds available to the commission. Based on the LAO's review of other state and local regulatory agencies in the resources area, those which administratively assess fines/penalties tend to have fines as a growing source of support for their enforcement activities. By contracts, the commission's budget of enforcement fines and penalty revenues remain stable at \$150,000, with no change from the current year.

The LAO recommends the enactment of legislation enabling the commission to issue fines and penalties directly for enforcement actions, rather than through the court process, as an additional means to stabilize funds available to the commission. The LAO also recommends the enactment of legislation to create a special fund in the commission's budget into which penalty revenues would be deposited, with expenditures from the fund subject to appropriation by the Legislature.

Staff Recommendation. This is an informational item only. No recommendation.

3780 Native American Heritage Commission

Background. The Native American Heritage Commission (NAHC) preserves and protects California Native American cultures. The commission's powers and duties include identifying and cataloging important geographic sites, helping Native Americans gain access to these sites, protecting burial and sacred sites, and ensuring that remains are treated appropriately. The commission also works to mitigate the negative impacts of development on the state's Native American cultural resources.

Governor's Budget. The Governor's budget proposes \$792,000 to support the NAHC in 2008-09, before the Budget Balancing Reduction. This is approximately the same level of expenditures as estimated in the current year. Chart does not include the Budget Balancing Reduction.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Native American Heritage	\$785	\$792	\$7	0.9
Total	\$785	\$792	\$7	0.9
Funding Source				
General Fund	\$780	\$786	\$6	0.8
<i>Budget Act Total</i>	<i>780</i>	<i>786</i>	<i>6</i>	<i>0.8</i>
Reimbursements	5	6	1	20.0
Total	\$785	\$792	\$7	0.9

No Budget Change Proposals.

1. Budget Balancing Reduction

Governor's Budget Balancing Reduction. The Governor proposes a budget balancing reduction of \$79,000 General Fund to the Commission's budget.

Impact of Reduction. This reduction would lead to the loss of 1.4 positions and would reduce the number of Commission meetings to one annually.

Staff Recommendation. Hold open.

3790 Department of Parks and Recreation

Background. The Department of Parks and Recreation (DPR) acquires, develops, and manages the natural, cultural, and recreational resources in the state park system and the off-highway vehicle trail system. In addition, the department administers state and federal grants to local entities that help provide parks and open-space areas throughout the state.

The state park system consists of 277 units, including 31 units administered by local and regional agencies. The system contains approximately 1.4 million acres, which includes 3,800 miles of trails, 300 miles of coastline, 800 miles of lake and river frontage, and about 14,800 campsites. Over 80 million visitors travel to state parks each year.

Governor's Budget. The Governor's Budget proposes \$569 million for Parks and Recreation. This is a decrease of 15.7 percent from current year due to a decrease in special funds and bond funds. The chart below does not reflect the proposed budget balancing reduction to the department's General Fund.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Support of the Department of Parks and Recreation	\$ 426,626	\$ 418,808	-\$7,818	-1.8
Local Assistance Grants	92,880	45,560	-47,320	-51.0
Capital Outlay	155,565	104,785	-50,780	-32.6
Total	\$ 675,071	\$ 569,153	-105,918	-15.7
Funding Source				
General Fund	\$ 161,213	\$ 150,533	-10,680	-6.6
Special Funds	273,899	242,553	-31,346	-11.4
Bond Funds	141,554	115,318	-26,236	-18.5
<i>Budget Act Total</i>	<i>576,666</i>	<i>508,404</i>	<i>-68,262</i>	<i>-11.8</i>
Federal Trust Fund	53,786	17,732	-36,054	-67.0
Reimbursements	43,794	42,262	-1,532	-3.5
Harbors and Watercraft Revolving Fund	825	755	-70	-8.5
California Missions Foundation Fund	0	0	0	0.0
Total	\$ 675,071	\$ 569,153	-105,918	-15.7

Department of Parks and Recreation capital outlay items will be discussed on May 12.

1. Diesel Vehicle Emissions Retrofit

Background. Diesel particulate matter has been identified as a toxic air contaminant in California. On December 8, 2005 the California Air Resources Board adopted a fleet rule to reduce diesel particulate matter emissions from fleets operated by public agencies and utilities based on a phased implementation schedule. This rule requires vehicle modification or replacement of any State-owned one-road heavy-duty diesel fueled vehicles. The Department of Parks and Recreation has 151 such diesel vehicles. Of those, 82 must be retrofitted by December 2009.

Governor's Budget. The Governor's Budget proposes one-time \$910,000 in General Fund for retrofitting about 150 diesel vehicles and an establishment of an ongoing program for reporting and record keeping to maintain compliance.

Staff Recommendation. Staff recommends that the Subcommittee hold this item open for staff to explore alternative funding sources.

2. Park Closures

Governor's Budget Balancing Reduction. The Governor proposes a budget balancing reduction of \$13,322,000 General Fund to the department's budget. Of this amount, \$8.9 million would come from park operations and \$4.4 million from related administrative costs. This would result in the closure of 48 out of 278 parks, as well as reductions/elimination of life-guards on state beaches in San Diego, Orange, and Santa Cruz counties. This reduction would result in the lay-off of 129 employees and would also reduce fee revenues generated by these parks by \$3.7 million.

LAO Recommendation. The LAO believes that increasing fee revenues by \$25 million will be sufficient to allow the department to avoid closures of any state parks or beaches. The LAO recommends the department increase its fees to keep up with inflation over the last decade. The LAO recommends the department target fee increases to high-demand parks to minimize any potential impact on attendance. The LAO states that its increased revenue projection would be sufficient to fully offset the Governor's budget-balancing reduction of \$13.3 million in General Fund, thereby avoiding park or beach closures and the potential loss of \$3.7 million in fee revenues due to the closures.

In addition, the LAO recommends that in order to slow the growth in the department's deferred maintenance, the LAO recommends that the remaining revenue from the fee increase (about \$11.7 million) be used for ongoing maintenance of the state park system. They also recommend that the budget bill provide the requisite increased expenditure authority for ongoing maintenance.

Current Park Fee Structure. Some parks and state beaches have no entrance fees while other parks do charge a fee for use. (Typically, entrance fees are assessed on vehicles entering the park, rather than on individual visitors. At most state parks, visitors can walk in for free.) Fees charged for use of the state park system vary considerably. Entrance fees vary between \$2 and \$10 per vehicle, with most parks charging from \$5 to \$7 per vehicle. The department also charges fees for camping. Camping site fees vary from \$9 to \$200 per night, with most fees between \$15 and \$40 per night, depending on the demand for camping sites and/or the costs of operating them. While the bulk of the department's fee revenues come from parking and camping fees, some parks charge for other services, such as tours or access to specific attractions. Also, it is important to note that the largest component of state park system attendance is unpaid—that is people visiting parks that do not charge entrance fees or walking into state parks.

Because fees vary by location, service provided, and time of year, it is difficult to compare specific fee levels over time. Rather, the LAO used the average fee revenue generated per paid visitor to make comparisons across time. In 2006–07, the last year for which data are available, fee revenue per paid visitor to the state park system was \$2.83. (As was mentioned above, most park entrance fees are charged per vehicle or per campsite. Therefore the individual cost of using the park is typically much less than the posted fee level.) Fee reductions in the late 1990s led to declining fee revenues per visitor. To some extent, these previous fee reductions were reversed early in this decade, leading to rising fee revenues per visitor. However, they have now returned to previous levels. Once fee revenues are adjusted for inflation, the LAO found that the real value of fee revenue per visitor has declined. To keep up with inflation over the last decade, fee revenue per visitor would be \$3.81 per paid visit, rather than the actual revenue of \$2.83 per paid visit. In 2006–07 year, total fee revenues were approximately \$25 million lower than they would have been had fees kept up with inflation over the last decade.

Park Maintenance. The department estimates that almost 80 million people visited the system in 2006–07. The size and breadth of the state park system, heavy usage by the public, and the fact that so much of the system's infrastructure is exposed to the elements means that the department has a significant obligation to perform maintenance activities. The budget does not propose new ongoing maintenance funding over 2007–08 for the state park system.

Based on its internal facility management program, the department estimates that its ongoing maintenance needs exceed its maintenance budget by almost \$120 million per year. (This imbalance between ongoing maintenance funding and identified need has persisted for many years.) Over the years, the difference between ongoing maintenance needs and available funds has created a backlog of deferred maintenance projects—currently estimated at \$1.2 billion. Typically, these projects encompass the replacement or rehabilitation of an existing asset that has not been adequately maintained—such as water or sewer systems. Given the current shortfall between the department's maintenance budget and its estimated maintenance requirements, this backlog will likely continue to grow over time unless corrective action is taken.

Impact of Fees on Park Attendance. In the past, concerns have been raised about the effects of proposed fee increases on attendance at the state park system. The LAO finds that while park

system attendance varies over time, paid attendance to the system does not seem to be very sensitive to changes in park fees. Specifically, the long-term trend of increasing paid attendance does not seem to change significantly due to increases in fees. As reflected in the figure, paid attendance has remained relatively stable during the period of fee increases that began around 2002–03 and continued in subsequent years.

Staff Recommendation. Staff recommends that the Subcommittee direct staff to lead a working group on the issue and present an alternative to the committee.

3810 Santa Monica Mountains Conservancy

Background. The Santa Monica Mountains Conservancy (SMMC) acquires, restores, and consolidates lands in the Santa Monica Mountains Zone for park, recreation, or conservation purposes. The SMMC was established by the Legislature in 1980.

Governor's Budget. The Governor's Budget proposes \$21.6 million for the Santa Monica Mountains Conservancy in 2008-09. This is about 11 percent less than in current year due to a reduction in bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
Santa Monica Mountains Conservancy	\$1,208	\$1,250	\$42	3.5
Capital Outlay	23,180	20,367	-2,813	-12.1
Total	\$24,388	\$21,617	-\$2,771	-11.4
Funding Source				
Special Funds	\$1,248	\$646	-\$602	-48.2
Bond Funds	23,140	20,971	-2,169	-9.4
Total	\$24,388	\$21,617	-\$2,771	-11.4

1. Missing Supplemental Report

Report Requested. During the 2007-08 Budget Sub-Committee hearings the Senate expressed concern that the Santa Monica Mountains Conservancy and the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy may not be working together in the optimal fashion toward the same goal of protecting and restoring habitat along the Los Angeles River. A supplemental report was requested to provide information on the ways the two conservancies have collaborated on protection and restoration efforts, as well as a cost estimate for the next five years of projects the two conservancies intend to undertake.

Report Not Submitted. The Supplemental Report was due Jan 10, 2008. The administration has informed the Subcommittee that the report is currently under review, but has not stated when the review is anticipated to be complete.

Staff Recommendation. Staff recommends that the Subcommittee hold open all new appropriations to the Santa Monica Mountains Conservancy until the Supplemental Report is received.

2. Capital Outlay – Acquisition and Local Assistance Grants

Background. The Santa Monica Mountains Conservancy's (SMMC) strategic plan is to purchase, preserve, protect, restore and enhance land to form an interlinking system of urban, rural and river parks, as well as open space, trails, and wild-life habitats accessible to the general public. In addition, the SMMC forms partnerships with other agencies, including federal, state, county, city, resources conservation districts, water districts, park and open space district.

The cost of land in the SMMC operations area is estimated at \$10,000 per acre. SMMC pays full-market value to acquire privately owned watershed property.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) dedicates \$56 million in bond funds specifically for the Santa Monica Mountains Conservancy. Chapter 5, Section 75050 provides \$36 million and Chapter 7, Section 75060 provides an additional \$20 million. Of this amount, \$17 million was appropriated to the SMMC in the *2007-08 Budget Act*. To date, the Conservancy has encumbered \$8 million.

Governor's Budget. The Governor's Budget proposes \$20 million in Proposition 84 bond funds for land acquisition and local assistance grants.

Staff Recommendation. Staff recommends that the Subcommittee hold the budget proposal open.

3. Capital Outlay and Grants

Background. The Santa Monica Mountain Conservancy (SMMC) was established in 1980 to acquire land and operate programs for conservation, parkland and recreations purposes. The SMMC has support in the local community, and receives donations and other gifts, in addition to settlements. The SMMC would use these alternative-source funds to fulfill its mission.

Governor's Budget. The Governor's Budget proposes \$367,000 in spending authority to the SMMC from the gifts the SMMC has received from the public.

Staff Recommendation. Staff recommends that the Subcommittee hold the budget proposal open.

4. Capital Outlay and Local Assistance Grants Reappropriation

Background. In the *2004 Budget Act*, the Santa Monica Mountains Conservancy received a capital outlay appropriation. The original appropriation was for \$12.4 million.

Governor's Budget. The Governor's Budget proposes \$2 million for reappropriation.

Staff Recommendation. Staff recommends that the Subcommittee hold the budget proposal open.

3825 San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy

Background. The San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (SGLAC) acquires and manages public lands in the San Gabriel basin, along the San Gabriel river and its tributaries, the lower Los Angeles river and its tributaries, and the San Gabriel Mountains. The conservancy acquires land to provide open space, low-impact recreational and educational uses, water conservation, watershed improvement, and wildlife and habitat restoration and protection.

Governor's Budget. The Governor's Budget proposes \$9.2 million for the SGLAC for 2008-09. This is about 79 percent less than in current year due to a reduction in bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2007-08	2008-09	\$ Change	% Change
Type of Expenditure				
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	\$1,187	\$1,220	\$33	2.8
Capital Outlay	43,058	8,000	-35,058	-81.4
Total	\$44,245	\$9,220	-\$35,025	-79.2
Funding Source				
Special Funds	\$324	\$348	\$24	7.4
Bond Funds	43,896	8,872	-35,024	-79.8
<i>Budget Act Total</i>	<i>44,220</i>	<i>9,220</i>	<i>-35,000</i>	<i>-79.2</i>
Reimbursements	25	0	-25	-100.0
Total	\$44,245	\$9,220	-\$35,025	-79.2

1. Proposition 84, Capital Outlay and Grants

Background. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006 (Proposition 84), Chapter 5, Section 75050 provides \$36 million to the Conservancy. The funds are intended for restoration and protection of rivers, lakes and streams, watersheds and their associated land, water, and other natural resources.

In the *2007-08 Budget Act* the Legislature provided \$25 million in Proposition 84 bond funds to the Conservancy for capital outlay projects, and an additional \$2.4 million over five years to pay for staffing and administration costs associated with the bond-funded projects.

Governor's Budget. The Governor's Budget proposes \$8 million in Proposition 84 bond funds for capital outlay for the Urban Lands and River Parkway programs.

Staff Recommendation. Staff recommends that the Subcommittee hold this issue open until the missing joint report with Santa Monica Mountains Conservancy is provided to the Subcommittee.